

## Message Text

UNCLASSIFIED

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ACTION OPIC-06

INFO OCT-01 ARA-10 ISO-00 EB-08 /025 W  
-----180859Z 092302 /17

R 161835Z MAR 77  
FM AMEMBASSY TEGUCIGALPA  
TO SECSTATE WASHDC 6116

UNCLAS TEGUCIGALPA 1292

E.O. 11652: N/A  
TAGS: EINV, HO  
SUBJ: EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRIBUTIONS  
IN KIND

REF: STATE A-5760

1. TO ASSIST OPIC REVIEW POLICIES ON INSURANCE OF TECHNOLOGY TRANSFERS AND OTHER NON-FINANCIAL TRANSFERS, THE EMBASSY PROVIDES THE FOLLOWING RESPONSES TO REPAIR.

2. GOH MINISTRIES AND OTHER AGENCIES HAVING ROLES IN AUTHORIZING AND PROMOTING INVESTMENT APPEAR TO ASSESS ONLY ROUTINELY THE NATURE AND COST OF TECHNICAL ASSISTANCE OR TECHNOLOGY IN THE COURSE OF CONSIDERING FOREIGN INVESTMENT PROJECTS. THE NOMINAL IMPORTANCE GIVEN TO THIS ASPECT IS DUE TO THIS COUNTRY'S RELATIVELY LIMITED INDUSTRIALIZATION BOTH IN EXTENT AND SOPHISTICATION. THE OVERRIDING CONSIDERATIONS RELATE MORE TO THE TYPE OF INVESTMENT, SECTOR, HSARES (LOCAL VERSUS FOREIGN) AND WHETHER EXCHANGE EARNING/SAVING. THUS, EXPLICIT STANDARDS, MEASURES OR OTHER CRITERIA HAVE NOT BEEN DEVELOPED FOR CAREFUL EVALUATION OF KNOW-HOW CONTRIBUTIONS. WHERE KNOW-HOW, BOTH MANAGERIAL AND TECHNOLOGICAL, ARE PROPOSED AS PART OF EQUITY, THE INVESTOR'S VALUATION CUSTOMARILY IS NOT QUESTIONED. SOME WEIGHT IS GIVEN TO THE AVAILABILITY AND SKILL LEVELS OF LABOR AT PROJECT LOCATION, WITHA POSSIBLE BIAS IN FAVOR OF OLDER TECHNOLOGY, SIMPLICITY  
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OF OPERATION AND MAINTENANCE, AND LABOR INTENSITY. IN THE ABSENCE OF PRACTICE AND STANDARDS FOR VALUATING TECHNOLOGY IT IS UNLIKELY THAT SUBSTANTIAL OVEREVALUATION WOULD OCCUR.

2. THE GOH RARELY QUESTIONS VALUATIONS OF CONTRIBUTIONS IN KIND PROPOSED BY A FOREIGN INVESTOR. AGAIN, GOH CONSIDERATION OF SUCH VALUATIONS ARE SOMEWHAT ROUTINE, AND ITS TECHNICAL OR

FINANCIAL PERSONNEL WOULD HAVE LITTLE BASIS FOR CHALLENGING THEM IN THE ABSENCE OF VISUAL INSPECTION OF THE EQUIPMENT. IN THE CASE, HOWEVER, OF INVESTMENTS IN PRIORITY FIELDS ELIGIBLE FOR FISCAL INCENTIVES, THE MINISTRY OF ECONOMY CAN AND OFTEN DOES REQUEST DOCUMENTATION OF EQUIPMENT VALUATIONS. RELIANCE IS MADE GENERALLY ON CUSTOMARY ACCOUNTING RECORDS, INVOICES, ETC. IN SUCH CASES AND WHEN INCENTIVES ARE APPLIED FOR.

3. COPIES OF LAWS GOVERNING INVESTMENTS ARE BEING AIRPOUCHED. OPIC ATTENTION INVITED ALSO TO OAS PUBLICATION "A STATEMENT OF THE LAWS OF HONDURAS IN MATTERS AFFECTING BUSINESS" AND 1971 SUPPLEMENT THERETO.  
BECKER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, FOREIGN INVESTMENTS, TECHNOLOGICAL EXCHANGES  
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**Copy:** SINGLE  
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**Reference:** 77 STATE A-5760  
**Retention:** 0  
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**Status:** NATIVE  
**Subject:** EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRIBUTIONS IN KIND  
**TAGS:** EINV, TECH, HO  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009